

# **State of Alaska FY2008 Governor's Operating Budget**

## **Department of Transportation/Public Facilities Fairbanks Airport Administration Component Budget Summary**

## Component: Fairbanks Airport Administration

### Contribution to Department's Mission

Provide the overall airport management and leadership necessary to assure that all airport functions are conducted in accordance with appropriate laws, regulations, policies, and procedures and in a safe, efficient, and cost-effective manner.

### Core Services

- Plan, organize, direct and control airport functions.
- Develop and implement strategic management plans.
- Develop operating and capital budgets.
- Negotiate and administer 201 leases and other agreements.
- Administer airline operating agreements.
- Manage over 500 aircraft tie-down and float pond permits.
- Collect air carrier fees, rents, concession and other revenues.
- Collect and disseminate airport statistical and financial data.
- Maintain local area computer network backbone and workstations, and provide technical support to subsystems such as maintenance management, MSDS, HVAC.

### FY2008 Resources Allocated to Achieve Results

**FY2008 Component Budget: \$1,940,200**

**Personnel:**

Full time	13
Part time	0
<b>Total</b>	<b>13</b>

### Key Component Challenges

- Construction has begun on replacement of the existing terminal building. The need to replace this building resulted from three independent structural evaluations which found portions of the building structurally unsound and that, under a design level seismic event, the building could possibly collapse. Portions of the facility do not meet required fire and life safety codes, are functionally deficient, and the building's physical systems are near the end of their useful lives, requiring major repair or replacement in the near future. A great deal of time and resources will be directed toward assisting in the management of this \$99 million project.
- Dealing with geo-political developments in world wide cargo transport that directly affect revenues. In May 2006, Lufthansa Airlines ceased Fairbanks International Airport (FAI) operations totally, rerouting its flights through Almaty Airport in Kazakhstan because of its "advantageous geographical location on the route from Southeast Asia to Europe and back" that offered four hour one way block time savings. Cargolux Airlines International terminated FAI operations in October, 2006. Revenue projections and collections will change accordingly. Global air transport will continue to change as economic and political conditions change in rapidly developing countries such as China and Russia, as well as in central Asia. The impacts to the airport will be enormous as airlines make these important business decisions.
- One of FAI's greatest challenges is generating more revenue opportunities and maintaining existing revenues to support airport functions. In an effort to attract other air carriers or businesses to the airport to replace lost revenues, FAI staff will concentrate on marketing and outreach efforts. When it makes sense to do so, projects will be outsourced to private consultants
- Efforts continue to develop and implement competitive offerings for the existing food and beverage, news and gift, parking, vending, and telecommunications concessions. New agreements will coincide with the opening of the new

terminal scheduled for 2008.

## Significant Changes in Results to be Delivered in FY2008

No significant changes are anticipated.

## Major Component Accomplishments in 2006

- Completed 65% design of the Terminal Area Development capital project.
- Selected Davis Construction as the Construction Management at Risk firm for the new terminal.
- Completed initial draft Request for Proposals and Sample Concession Agreement documents for new Food and Beverage Concession and Gift and News Concession offerings.
- Approved land leases for three new airport tenants with approximately \$900,000 in proposed improvements.
- Approved assignment of four land leases with established facilities to new airport tenants.
- In addition to proposed improvements on new leases, approved building permits for \$321,000 in private investment on existing leaseholds on Airport land.
- In conjunction with Field and Equipment Maintenance, completed the renumbering of the paved general aviation paved aircraft tiedown spaces.
- Renewed annual commercial passenger vehicle permits for eighteen tour companies, including four with seasonal leases in the terminal.

## Statutory and Regulatory Authority

AS 2 Aeronautics

AS 44 State Govt.

17 AAC Chapter 40, Aviation

FAR Part 139

49 CFR, dealing with airport security: TSR 1500, 1503, 1520, 1540, 1542, 1544, and 1546

### Contact Information

**Contact:** Jesse VanderZanden, Airport Manager

**Phone:** (907) 474-2500

**Fax:** (907) 474-2513

**E-mail:** jesse\_vanderzanden@dot.state.ak.us

### Fairbanks Airport Administration Component Financial Summary

*All dollars shown in thousands*

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,021.6	1,165.9	1,326.8
72000 Travel	18.0	17.9	17.9
73000 Services	562.4	446.6	535.5
74000 Commodities	59.1	60.0	60.0
75000 Capital Outlay	3.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,664.1</b>	<b>1,690.4</b>	<b>1,940.2</b>
<b>Funding Sources:</b>			
1027 International Airport Revenue Fund	1,634.4	1,660.7	1,910.5
1061 Capital Improvement Project Receipts	29.7	29.7	29.7
<b>Funding Totals</b>	<b>1,664.1</b>	<b>1,690.4</b>	<b>1,940.2</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	7,852.5	7,735.2	7,735.2
<b>Unrestricted Total</b>		<b>7,852.5</b>	<b>7,735.2</b>	<b>7,735.2</b>
<b>Restricted Revenues</b>				
Capital Improvement Project Receipts	51200	29.7	29.7	29.7
<b>Restricted Total</b>		<b>29.7</b>	<b>29.7</b>	<b>29.7</b>
<b>Total Estimated Revenues</b>		<b>7,882.2</b>	<b>7,764.9</b>	<b>7,764.9</b>

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2007 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>1,690.4</b>	<b>1,690.4</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
<b>Proposed budget increases:</b>				
-Risk Management property premium increase	0.0	0.0	13.7	13.7
-Risk Management airport liability premium increase	0.0	0.0	75.2	75.2
-FY 08 Retirement Systems Rate Increases	0.0	0.0	160.7	160.7
<b>FY2008 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,940.2</b>	<b>1,940.2</b>

### Fairbanks Airport Administration Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	13	13	Annual Salaries	716,400
Part-time	0	0	Premium Pay	51,533
Nonpermanent	0	0	Annual Benefits	587,308
			<i>Less 2.10% Vacancy Factor</i>	(28,441)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>Total Personal Services</b>	<b>1,326,800</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	1	0	0	1
Accounting Tech II	0	1	0	0	1
Administrative Clerk III	0	2	0	0	2
Administrative Manager III	0	1	0	0	1
Administrative Svcs Mgr II	0	1	0	0	1
Airport Leasing Specialist I	0	1	0	0	1
Airport Leasing Specialist II	0	1	0	0	1
Airport Leasing Specialist IV	0	1	0	0	1
Airport Manager Fairbanks	0	1	0	0	1
Dev Spec I, Option A	0	1	0	0	1
Micro/Network Spec I	0	1	0	0	1
Secretary	0	1	0	0	1
<b>Totals</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>13</b>